

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BIG RIVERS)
ELECTRIC CORPORATION TO EXTEND)
THE PILOT PROGRAM FOR ITS LARGE) CASE NO. 2002-00272
INDUSTRIAL EXPANSION TARIFF)

O R D E R

On July 1, 2002, Big Rivers Electric Corporation (Big Rivers) filed a report assessing the results of the first 2 years of a 3-year pilot industrial tariff for new or expanded loads of 5 megawatts (MW) or more (Qualifying Loads). Big Rivers also requested that the pilot, which was approved for 3 years in Case No. 1999-00360,¹ be extended for an additional 3 years, through December 31, 2005. The pilot was tariffed as Rate Schedule 10 and requires Qualifying Loads on Big Rivers system to be served at market-based rates, absent special, negotiated arrangements approved by the Commission, in lieu of being served under Rate Schedule 7 at cost-based rates.

Since implementing Rate Schedule 10, Big Rivers member cooperatives have received several inquiries regarding service from prospective industrial customers with Qualifying Loads ranging from 6 MW to 125 MW. However, no new or expanded loads have actually been served under Rate Schedule 10. Big Rivers 2001 load forecast indicates that it has surplus power through 2015, but that surplus could be quickly eliminated if one or two industrial customers with very large loads locate in the territories of Big Rivers member cooperatives. In order to preserve this surplus power for use by the existing as well as future loads of its member cooperatives existing customers, Big

¹ Case No. 1999-00360, The Tariff Filing of Big Rivers Electric Corporation to Revise the Large Industrial Customer Rate Schedule, Order dated February 25, 2000.

Rivers requests to continue the pilot Rate Schedule 10 for 3 additional years, through December 31, 2005.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that Big Rivers pilot Rate Schedule 10 is reasonable, has functioned properly during its first 2 years and should be continued for an additional 3 years, through December 31, 2005.

To facilitate our future review of this extended pilot and to determine whether it should continue beyond 2005, Big Rivers should file, by June 30, 2005, a report assessing the pilot through December 31, 2004.

IT IS THEREFORE ORDERED that:

1. Big Rivers industrial pilot Rate Schedule 10 shall continue in effect as a pilot for an additional 3 years, through December 31, 2005.
2. Within 20 days from the date of this Order, Big Rivers shall file revised Rate Schedules 7 and 10 showing the date of issue and that they were issued by authority of this Order.
3. Big Rivers shall file, by June 30, 2005, a report assessing the pilot through December 31, 2004.

Done at Frankfort, Kentucky, this 1st day of October, 2002.

By the Commission

ATTEST:


Executive Director